

UNITED STATES DEPARTMENT OF AGRICULTURE

Farm Service Agency
Washington, DC 20250

Notice TB-1280

For: Tobacco State and County Offices

FY 2014 TTPP Annual Payments

Approved by: Deputy Administrator, Farm Programs

**1 Overview****A Background**

On October 22, 2004, the American Jobs Creation Act of 2004 was passed and included the Fair and Equitable Tobacco Reform Act, commonly referred to as the “Tobacco Buyout”. To administer the program, USDA created TTPP. TTPP assesses tobacco manufacturers and importers based on their market share, receipts of those assessments go into the Tobacco Trust Fund. Those funds from the Tobacco Trust Fund, through CCC, are used to make buyout payments to the tobacco quota holders and producers, as well as, financial institutions.

The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by Pub. L. 112-240, mandated that all FSA programs were subject to sequester reductions.

OMB, in coordination with USDA, has determined that pursuant to the Budget Control Act and American Jobs Creation Act of 2004, that TTPP is a trust fund. As such, funds for this program that were sequestered in FY 2013 will become available in FY 2014 without further congressional action. Additionally, funds for TTPP that will be sequestered in FY 2014 will become available in FY 2015 to complete the final year of the program.

The FY 2014 TTPP annual payments are the tenth and final payments that will be issued for the Tobacco Buyout Program.

B Purpose

This notice provides answers to questions about FY 2014 TTPP payments (Exhibit 1), which will be disbursed as follows:

- SII accounts received 100 percent of the payment by January 15, 2014
- individual contract holders will receive 95 percent of the annual installment in February 2014 or as early as practical, and the 5 percent balance will be paid in full in October 2014.

Disposal Date	Distribution
May 1, 2015	Tobacco State Offices; State Offices relay to applicable County Offices

2 Action

A State Office Action

State Offices shall:

- ensure that County Offices follow the provisions of this notice
- contact **Kelly Hereth** for questions about policies and procedures related to TTPP payments by either of the following:
 - e-mail at **kelly.hereth@wdc.usda.gov**
 - telephone at 202-720-0448.

TTPP Questions and Answers Related to TTPP Payments**Q1. Why is my 2014 TTPP payment being reduced?**

A1. The Balanced Budget and Emergency Deficit Control Act of 1985, as amended by Pub. L. 112-240, mandated that all FSA programs were subject to sequester reductions.

Q2. Why are the SII accounts receiving 100 percent of their payment by January, but individual contract holders are receiving 95 percent of their payment in February?

A2. USDA is contractually bound to pay SII accounts by January 15 each year, however, regulations stipulate TTPP payments to individual contract holders shall be made “annually in January or as early as practical” before the end of the fiscal year, September 30. The remaining 5 percent balance owed will be paid in October 2014 when funds sequestered from the 2014 TTPP payment disbursed in February are made available to the agency.

Q3. Will the remaining 5 percent earn prompt payment interest since the payment is being made after the end of the 2014 fiscal year?

A3. Yes. TTPP payments will earn prompt pay interest if TTPP payments are disbursed after September 30, 2014.

Exception: If the contract holder is determined to be ineligible to receive a payment or has not provided the County Office with the required documentation by September 30, 2014, prompt pay interest will not be earned.

Q4. What if the TTPP contract holder dies before the 5 percent balance payment is disbursed in October 2014?

A4. The transfer policy will remain the same in the event of the death of a TTPP contract holder; the right to receive payment will be transferred to the surviving spouse. If there is no surviving spouse, then the right to receive the payment will be transferred to the estate.